

Gov. Jennifer Granholm
Michigan

Gov. Rod Blagojevich
Illinois

Gov. Bill Richardson
New Mexico

Gov. Ted Strickland
Ohio

Gov. Anibal Acevedo
Vilà
Puerto Rico

December 12, 2007

The Honorable Patrick Leahy
Chairman, Senate Judiciary Committee
United States Senate

The Honorable Arlen Specter
Ranking Member, Senate Judiciary
Committee
United States Senate

The Honorable John Conyers, Jr.
Chairman, House Judiciary Committee
U.S. House of Representatives

The Honorable Lamar Smith
Ranking Member, House Judiciary
Committee
U.S. House of Representatives

Dear Chairmen Leahy and Conyers, Senator Specter, and Congressman Smith:

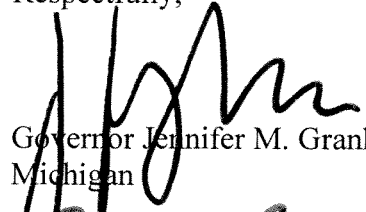
As the nationwide foreclosure crisis continues, we appreciate the efforts of both the Senate and House Judiciary Committees to address this issue by considering legislation to help borrowers avoid foreclosure. Because experts estimate that as many as two million mortgages could result in foreclosure this year and next, it is necessary that state and federal governments both take action to keep families in their homes.

As you know, governors are actively responding to the foreclosure crisis in our states. Actions we have taken include offering refinancing options to certain borrowers, banning predatory lending practices, providing consumer education hotlines for troubled borrowers, and adopting regulatory guidelines for subprime and nontraditional mortgage products. While these efforts have helped stem the tide of foreclosures, we look forward to congressional action as foreclosures could potentially reach record levels in early 2008.


We are aware that the House and Senate Judiciary Committees will consider legislation to allow bankruptcy courts to modify certain mortgages on primary residences as a means to help homeowners avoid foreclosure. Under current law, bankruptcy courts are able to modify mortgages for vacation homes and family farms. Given the current housing crisis, allowing the same judicial flexibility for primary residences is a common-sense approach we support. Further, it is estimated that modifying bankruptcy law in this manner could help up to 600,000 borrowers keep their homes and pay for them, which would benefit families and communities while stabilizing housing markets.

We support your Committees' efforts to protect families, preserve neighborhoods, and restore economic confidence in the housing sector.

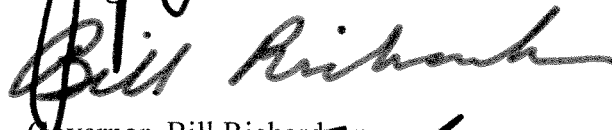
Respectfully,



Governor Jennifer M. Granholm
Michigan



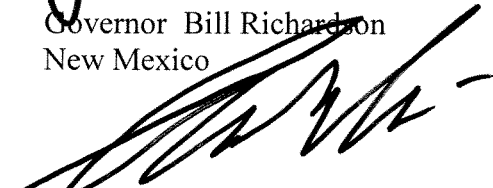
Governor Rod Blagojevich
Illinois



Governor Bill Richardson
New Mexico



Governor Ted Strickland
Ohio



Governor Aníbal Acevedo Vilá
Puerto Rico